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Citicorp Today

Principal Subsidiaries and Affiliates First National City Corporation

Advance Mortgage Corporation
Banco Argentino del Atlantico, S.A.
Banco de Financiacion Industrial
Banco de Honduras S.A.
Banco de Inuestimento Industrial, S.A.
Bangkok First Investment and Trust
Limited
Banque Internationale pour l'Afrique
Occidentale
Citibank (Suffolk), N.A.
Citicorp Aerolease (Cal), Inc.
Citicorp Factors, Inc.
Citicorp Leasing Inc.
Citicorp Leasing International, Inc.
Citicorp Realty Consultants, Inc.
CitiNational (Holdings) Pty. Ltd.
Citybank Credito, Financiamiento e
Inuestimento S.A.
Cofinance S.A.
Commercial Credit Corporation
(Thailand) Ltd.
Compania Colombiana de Financia-
mientos S.A.
Corporacion Financiera de Occidente
Credivit, S.A.
Cresap, McCormick and Paget Inc.
Far East Bank Limited
Financiera Intercomercial, S.A.
First National City Bank
First National City Bank (Belgium) S.A.
First National City Bank (Channel
Islands) Limited
First National City Bank (Interamerica)
First National City Bank
(International-Los Angeles)
First National City Bank (International-
San Francisco)
First National City Bank
(Luxembourg) S.A.
First National City Bank (Maghreb)

First National City Bank (South Africa)
Limited
First National City Bank (Zaire) S.A.R.L.
First National City (Costa Rica) S.A.
First National City Development Finance
Corporation (Thailand) Ltd.
First National City Flaminia-Holding di
Servizi Finanziari S.p.A.
First National City Overseas Investment
Corporation
First National City Trust Company
(Bahamas) Limited
First Oversea Credit Limited
FNCB Capital Canada Ltd.
FNCB Capital Corporation
FNCB Eurosecurities, S.A.
FNCB Finance Incorporated
FNCB Financial Limited
FNCB Services Corporation
FNCB-Waltons Corporation Ltd.
Fuji National City Consulting Ltd.
Fuyo General Lease Co., Ltd.
Hypotheek-en Beheermaatschappij
Financia N.V.
I.A.C. (Holdings) Limited
Industrial Acceptance Corporation Ltd.
International Data Systems Service
Limited
Internationale Investitions-und
Finanzierungs-Bank A.G.
International Trust Company
Inversiones y Adelantos, C.A.
Iranians' Bank
Midland-Citibank Factors Limited
National and Grindlays Bank Limited
National City Financial
Trust Limited
New York London Trustee Co., Ltd.
Philips-First City-Brandts Limited
Securities Management Company, Ltd.
Taiwan First Investment Trust
Company, Ltd.
The Bank of Monrovia
The Mercantile Bank of Canada
Transaction Technology Inc.

Citicorp Today

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On the cover: A typographical tapestry is formed by the currency symbols of some of the many countries in which Citicorp, a subsidiary or an affiliate operates.





Citicorp is a new kind of organization for a new kind of business.

Not simply a bank, nor a holding company of random subsidiaries, nor a conglomeration of unrelated activities, First National City Corporation is a financial systems organization especially structured to nurture economic growth and support society's requirements, industry by industry, market by market, need by need, around the world.

Four developments shaped this design:

- A study conducted for Citicorp by one of the nation's leading "think tanks." We asked them to tell us how the money business would be altered by onrushing changes in technology, population growth, economic interactions and social development.
- New banking laws for an economy that had already outrun regulations designed primarily for yesterday in the United States. Recent bank holding company legislation, as many members of the Federal Reserve Board of Governors have pointed out, makes it possible for banks to supply appropriate financial services to those public and private markets that have been demanding financial innovations for many years.
- A realignment of internal relationships and external responsibilities. In a thorough reorganization of its corporate structure, Citicorp matched its knowledge and its abilities with markets and allocated its resources to satisfy the demands of an impatient, capital-hungry society.
- A searching reappraisal of the civic role of the large corporation. With cities in disarray, their services crumbling, and a generation unsatisfied with tokenism, the private sector finds itself called upon to contribute to solutions as a condition of its survival. Citicorp has therefore renewed and reinforced a broad program of environmental commitment.

These four developments were decisive in positioning Citicorp to provide the flexibility that innovative response demands.

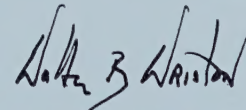
For example, the burgeoning needs of capital-intensive industries clearly pointed to a demand for new financial techniques to make possible acquisition of expensive capital equipment. Such a technique is leasing, and Citicorp Leasing Inc. enjoys a leading position in that industry now among banks and bank holding companies.

Moreover, an explosive demand for global financial services by multinational corporations, local businesses and governments stepped up the expansion of our international operations. Today, Citicorp, a subsidiary or an affiliate is active in most major markets open to it.

In another corner of the economy, rising consumer disposable income in the advanced nations and considerable improvement in some developing nations create equally great demands for new financial services for individuals. Citicorp fashioned a "financial supermarket" of services for consumers in the New York market, and expanded its personal banking services elsewhere to the extent local law and economic conditions allowed.

With population growth goes an insatiable demand for housing throughout the world. Citicorp is active in construction and mortgage lending in North America and South America, Europe and Asia.

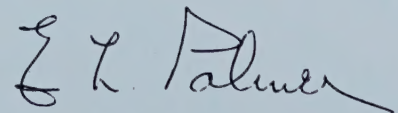
Altogether, we see opportunities presently concentrated in certain growth markets. Here, we look at those areas and discuss how Citicorp serves them.



Walter B. Wriston
Chairman



William I. Spencer
President



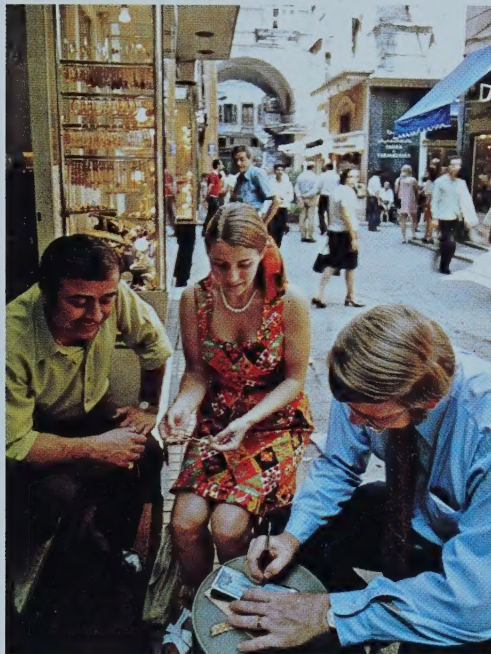
Edward L. Palmer
Chairman of the Executive Committee

Tokyo Directors and senior management of Citicorp and Citibank received comprehensive reports on Asia-Pacific operations at a recent meeting at the Keidanren Kaikan in Tokyo.



PAYING
RECEIV

Consumer Financial Services



Beirut First National City Travelers
Check is being used by these young tourists
to buy jewelry in Lebanon.

New York Fast, friendly service for all
your banking needs is the pledge of
Citibank's 200-plus branches in New York.



Amsterdam While its regular premises are being renovated, Citibank carries on business-as-usual from a "floating" branch docked at quayside.

The potential for consumer financial services throughout the world is limited only by the degree of enterprise of the organization offering them and its vigor in marketing its products.

That's the philosophy guiding the Citicorp organization in innovating consumer financial products for a growing world with an insatiable appetite for consumer goods and what it takes to finance them.

As personal income grows, the demand for ever more personal financial services increases, especially overseas where the marketing of these services is less active than in the United States.

In Britain, Ireland, Belgium, Argentina, Italy, Hong Kong, Colombia, Philippines, Brazil and many other countries we are bringing the same energy and innovation to consumer financial services that made us one of the leading banks in the New York market, where we have more than 200 branches.

Citibank's Personal Banking Group, in comparison with other leading New York commercial banks, at mid-1971 had a seven percent lead over its nearest competitor in the personal checking market, was eight percent out in front in the savings account market and led by 27 percent in the installment loan market. In premium savings services, the Golden Passbook program was almost 70 percent ahead of its closest competitor.

Citibank's profitable Master Charge card operation has the largest cardholder base in this trading area. (In addition, we have charge card operations in Argentina, Costa Rica, Brazil, Panama, Puerto Rico and Venezuela.)

During the summer of 1971, for the first time we offered our savings account customers in the New York City market the opportunity to participate in a unique supplemental life insurance program in conjunction with the Connecticut General Life Insurance Company. This program permits a savings depositor to utilize up to one half of his interest earnings each quarter to purchase term insurance up to a maximum of \$15,000.



New York Citibank's Personal Banking services are especially tailored to the needs of adults in the under-35 age group, which is growing faster than any other segment of the U.S. population.

Services such as these are aimed primarily at young adults under 35, a group which is growing at a faster rate than any other segment of the U.S. population.

This is also the group that represents the best potential for future growth in the retail banking market.

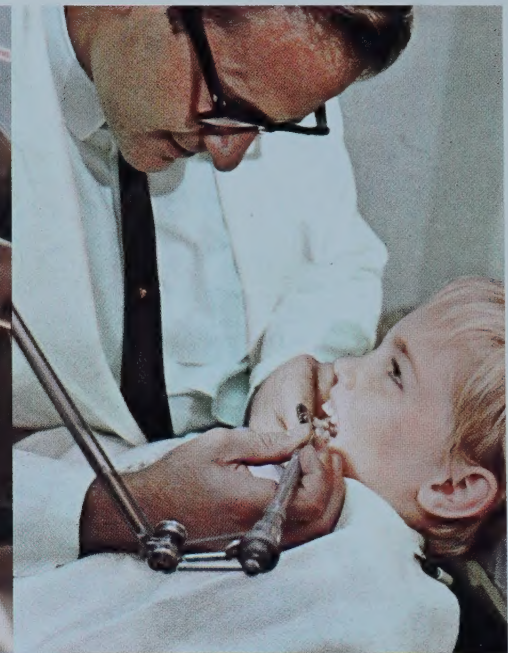
Similar products are being offered by our new subsidiary, Citibank (Suffolk), N.A., which opened on November 24, 1971. It is now possible to serve markets in New York State other than in New York City, Nassau and Westchester counties. In addition, plans have been announced to acquire the State Bank of Honeoye Falls near Rochester and The Silver Creek National Bank near Buffalo. If approved, the Honeoye bank will join the Citicorp organization as Citibank (Mid-Western), N.A., and the Silver Creek bank will become Citibank (Western), N.A. Both acquisitions are subject to approval by regulatory authorities.

Internationally, our range of consumer financial services is tailored to the customs, needs and laws of our host countries.

One of our fastest growing operations overseas is a consumer finance company in Britain which operates a chain of easily accessible offices called "Money Shops." Noted for their colorful promotions, the Money Shops are using a new strategy that brings the kind of innovative consumer financial services to Britain that commercial banks offer in the U.S. These services include: personal loans, financing of consumer durables, mortgages and savings accounts at competitive interest rates.

The number of offices operated by National City Financial Trust Limited has grown from eight when acquired four years ago to 22 now. Development plans call for continued expansion.

In Belgium, another subsidiary, Hypotheek-en Beheermaatschappij Financia N.V., offers a full range of consumer financial services, including sales of savings certificates through its branches or 850 agents throughout the



New York A big moment in the life of a young couple is the purchase of their first new car. It is being financed by Citibank.

Rio de Janeiro A loan from one of Citibank's Brazilian branches enabled a dentist to set up his practice.

Hong Kong Thrifty Chinese deposit their savings in the Far East Bank Limited, a subsidiary of Citicorp.

London Money Shops bring the kind of innovative financial services to Britain that commercial banks offer in the U.S. This one is located in the busy Whitgift Centre in suburban Croydon.

country. In Italy, the consumer-oriented approach to retail banking taken by Citibank's Milan and Rome branches inspired the Italian press to hail us as "La Banca Sexy." In Colombia, our subsidiary, Compania Colombiana de Finanzamientos S.A., makes credit available to people in the lower income groups previously unable to obtain credit or even access to the banking system.

In Australia, the Industrial Acceptance Corporation group of companies, which includes the second largest finance firm there, plays a leading role in financing Australians' purchases of cars, appliances and other consumer goods. Citicorp recently acquired a minority interest in it.

Indicative of the growing worldwide demand for consumer financial services is the performance of our subsidiary in Hong Kong, FNCB Financial Limited, which had only one office and assets of \$159 thousand when acquired in 1968. Since then it has expanded to seven offices, offering consumer loans on everything from automobiles to freezers, and its assets have grown to \$20 million.

Another subsidiary, the Far East Bank Limited, offers a full range of banking services to Hong Kong residents even to the extent of operating a branch on an offshore island populated by fishermen. Its deposits are growing at a 22 percent annual rate, faster than the rest of the colony's banking system.

That's the fundamental formula for Citicorp's growth in consumer financial services—fashioning the products needed, putting in place the corporate entity appropriate to the area and vigorously marketing its products.



North Bay Shore Citibank (Suffolk), N.A., opened on November 24, 1971, a new market for Citicorp in this fast-growing county on Long Island.

Caracas A Venezuelan motorist pays his service station bill with a Master Charge credit card. Venezuela is one of the several countries in which Citicorp has thriving charge card operations.



Business Financial Services



Milan A highly skilled workman puts the finishing touches on fiber-glass skis manufactured by a Citibank customer in nearby Chiavenna.

New Orleans Workers go aboard an offshore rig in the Gulf of Mexico on a well being drilled by a consortium financed by Citibank.

If a business needs a loan, or if it wants to make a deposit, or if it needs currency transferred between countries, or if it wants its accounts receivable collected, or requires a bond registrar, or an agent for stock transfer, or if it wants to finance a fleet of airplanes, or take the pulse of foreign trade, it can do it through the Citicorp organization. For Citicorp's array of business financial services spans the spectrum of United States and world commerce, from a toymaker in New York to giant multinational industrial organizations.

Moreover, companies can avail themselves of several hundred services through more than 850 offices in over 80 countries. These services may emanate from any point within the Citicorp organization, and the markets served are as varied as business itself.

Citicorp's customers are in all major market areas, including electronics, commercial aviation, insurance, mining, utilities, petroleum, chemicals and wholesale trade. Among our customers are nearly all of the 100 largest U.S. corporations, and thousands more below that level in nearly all types of commerce.

How well Citicorp is positioned to serve customers at home and abroad is shown by the services actually rendered to a typical multinational manufacturing company, with sales in the multibillion dollar range.

This customer has 350,000 employees throughout the world, 200 locations in the U.S. and 82 manufacturing plants in 24 other countries. Through dozens of accounts with the parent company and its far-flung divisions and subsidiaries, Citicorp provides extensive credit commitments and performs many financially related services.

Credit commitments, for example, include not only term loans and lines of credit to the parent company and its affiliates but also letters of credit and other credit facilities for financing the import of thousands of products. In addition, Citicorp assists the company in financing sales of its products for both domestic and international customers, often in conjunction with



Casablanca These massive Santa Gertrudis bulls are grazing in a rugged section of Morocco. Citicorp is the sole banker providing term and current financing for this joint venture to improve local beef production by a private American company and the Moroccan government.

Piraeus Citibank plays a major role in financing the Greek shipbuilding industry.

government export programs.

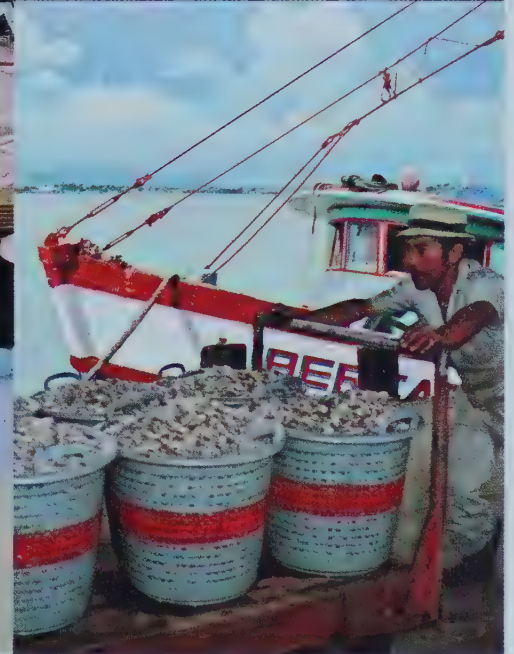
Services performed for the customer include account reconciliation, custodial safekeeping for pension trust investments, acting as a trustee for its debentures, and maintaining a system of post office lockboxes which cuts considerably the time required to enter receipts on the customer's accounts. Citicorp also makes payments to the customer's overseas suppliers, acts as a credit investigator and provides a complete foreign exchange service, quickly switching yen, francs, marks, pesos, dollars, or any other currency.

Some or all of these services are marketed to multinational corporations through the International Banking Group which also can provide conventional lending and deposit functions. Indeed deposits in Citibank's overseas offices averaged nearly \$10 billion in 1971 while outstanding loans averaged more than \$6 billion. Approximately one half of Citicorp's total revenue was derived from international operations.

Citicorp is a significant lender to major West German businesses, a financier of highways in Italy and South America, a participant in financing oil production in the North Sea, a major lender to the Greek and Hong Kong shipping industries and a leading financier of cattle in El Salvador, Panama and Morocco. It is financing a German chemical complex on the banks of the Schelde in Belgium and is



Hong Kong The textile industry, with annual exports totaling nearly a billion dollars, is actively financed by Citibank.



Antwerp A truly multinational operation is this West German-owned chemical plant in Belgium financed by the U.S.-based Citicorp.

Panama City A load of freshly caught Panamanian shrimp comes off the boat and heads for export. Citibank plays a leading role in financing the Panamanian fishing industry.

a supplier of short- and medium-term money to expanding companies in Thailand.

On a smaller but no less important scale, Citicorp provides many similar services to customers in the \$500 thousand to \$100 million sales range—especially firms headquartered in the greater New York area which do everything from importing fish, nuts and cocoa to making garbage disposal units and wearing apparel.

Small- and middle-sized though they may be, such firms in the New York area alone account for about \$100 billion in sales.

Because most of these customers are owner-managed, market regionally instead of nationally and rely heavily on their bankers, the emphasis is on financial counseling on a personal basis.

Thus, account managers become thoroughly familiar with all aspects of their clients' business and provide financial service tailored to the individual company. This can take the form of short- and long-term loans, leasing or factoring, as well as a wide array of advisory and computer-based accounting services.

For equity financing there is FNCB Capital Corporation, a small-business investment company. Since its inception, the unit has invested more than \$25 million in dozens of enterprises, many owned and managed by minority businessmen.



Bogotá Spindles in a factory which supplies one of the Colombian capital's largest stores create an interesting array of line and light.

Hamburg Citibank is among the financial organizations providing financing for construction of this nuclear power generating station, the largest of its kind in Europe, at nearby Stade.

Buenos Aires This manufacturer of plumbing equipment is a customer of Citibank's Argentinian operations.

New York FNCB Capital Corporation provided the means for this black entrepreneur to start what is now a thriving trucking business.



Hong Kong Balloons rise as the "Asia Fidelity" goes down the ways. Construction of this ship was financed by Citibank.



Real Estate



New York A majestic office building rises in lower Manhattan. Citibank was the lead bank in this construction project.

New City, N.Y. In the housing-short New York region, suburban Rockland County is one of the fastest growing areas. The developer of this housing tract is being financed by Citibank.

Citicorp's primary thrusts are in the most important segments of the real estate industry.

These include construction lending to major builders and developers; short-term lending to real estate investment trusts and other real estate-oriented companies; "warehousing" loans to mortgage bankers; mortgage origination and servicing for institutional investors; varied financial services to major builders; and real estate-related investment and fiduciary activities.

Our involvement spans a range from financial participation in the massive "city rebuilding" efforts in New York to financing middle-income housing developments in Bogotá, Colombia; from construction lending for commercial buildings to supervising real estate equity investments by pension funds; from project management consulting services to mortgage lending to individuals in the United States, Panama, Belgium, Italy, Puerto Rico, Guam and Britain.

These real estate lending, mortgage financing and servicing activities and investing functions are significant profit contributors to Citicorp. Domestically, outstanding commercial real estate loans and commitments have grown significantly. In the past year, the gains were an estimated 82 percent for loans and an estimated 64 percent for real estate commitments.

An important factor in this growth has been the unique blend of comprehensive banking and real estate expertise centered in the Real Estate Industries Division. Major national builders, construction companies and all real estate-oriented relationships are handled by a group of highly skilled real estate financing professionals. They can extend credit and offer banking services incident to the customer's total needs. This structuring has been largely responsible for attracting important new customer relationships, both in New York City and throughout the country.

Another important growth element has been Advance Mortgage Corporation,



which joined the Citicorp family in June, 1970.

Advance Mortgage's principal activities are mortgage origination, placement with permanent investors and servicing of single-family, multifamily and commercial mortgages. In addition, Advance Mortgage has become a significant construction lender on FHA-insured multifamily projects. Advance Mortgage also is the largest originator of single-family FHA and VA mortgages in the country.

Operating at a level of \$450 million in mortgage originations annually, Advance Mortgage expects to

Bogotá These attractive new homes are part of "Urbanizacion Teusaca," a middle-income project in the Colombian capital financed by Citibank.

substantially increase that level by 1976. Its servicing portfolio, now at a level of \$1.6 billion, is expected to rise considerably in that period.

At the same time, the Citicorp organization is fully aware of its social responsibility to help in providing adequate housing in the communities it serves. More than 40 percent of the mortgages Advance Mortgage places are for minority group homeowners. In New York City, nearly 25 percent of the low-income housing being built is being financed by Citibank.

Internationally, too, there is significant potential for Citicorp in real estate activities in the years ahead.

In Puerto Rico, for example, real estate activities now account for more than 20 percent of the commonwealth's gross national product. Our Mortgage and Real Estate Group there is active in construction lending for commercial and residential projects as well as mortgage servicing.

Another area of intense real estate activity is Panama, where we hold about 20 percent of all real estate loans in the private sector.

In France, one of Citicorp's subsidiaries recently joined an international real estate financing enterprise organized by l'Immobilière-Constructions de Paris and Banque de la Construction et des Travaux Publics. The group also includes Crédit Suisse, Banca Commerciale Italiana, Frankfurter Hypothekenbank and Samuel Montagu & Co. Ltd. in the venture.

With this organizational capability, Citicorp's subsidiaries and affiliates involved in financing and other activities related to the real estate industry believe they can grow faster than this dynamic market itself while continuing to diversify in real estate-related activities.



Southfield, Michigan At the headquarters of Advance Mortgage Corporation, millions of documents relating to the mortgages it originates and services are stored in automated files.

San Juan Real estate activities are booming in Puerto Rico and Citibank's Mortgage and Real Estate Group there is among the more active financiers on the island.

New York Advance Mortgage is also becoming active in construction lending. "Riverview," in New York City, is one of its largest such ventures.

Sydney An Australian affiliate is financing the construction of apartment houses such as this attractive structure.



Leasing and Equipment Finance



New York An airliner leased from Citicorp loads for its nightly flight.

Huntington, W. Va. A long coal train snakes through the hills of West Virginia. Many such cars are leased from Citicorp Leasing Inc.

Leasing took a big step forward when the United States Navy decided to modernize its tanker fleet by using a \$150 million Citicorp lease package.

That was the first time a government used this sophisticated financial technique. Private business, however, has been using leasing for many years.

Citicorp became an important factor in leasing about six years ago when its staff developed the leverage lease, enabling a major domestic airline to acquire a fleet of new jet aircraft.

So rapidly is this field growing that leasing and equipment finance account for about 25 percent of all equipment expenditures in the U.S. That comes to about \$16 billion of the \$60 billion spent annually on capital equipment.

No letup is in sight. The U.S. leasing market is growing at 10 percent to 12 percent a year. The roster of customers ranges from giant international airlines and shipping fleets to neighborhood car wash operations. The global potential is equally great.

In packaging a lease, Citicorp not only designs the lease but also brings the lessee together with a group of lessors. Citicorp uses long-term financing to lever the investment of the lessors. It is paid a fee for these services and for servicing the lease over its entire term, which can run for years.

Citicorp finances big-ticket items such as aircraft, ships, rolling stock and generators and a wide range of other durable goods as well. These big-ticket leases, which are custom-designed, typically start at about \$3 million.

Today, lease packaging is only one of a broad array of Citicorp global leasing and equipment finance services.

There is also a growing field for standard leases, which start as low as \$25,000. Here Citicorp has developed equipment financing packages for businesses of any size, anywhere, wanting to sell or buy standard items such as materials-handling machinery, pollution-control equipment, agricultural machinery, computers, medical and restaurant equipment and office furniture.



Dallas Air crews brush up their skills in a flight simulator leased from Citicorp.

Texas City This chemical tanker, one of the world's largest, is leased from Citicorp.

Leasing activities are coordinated by the Citicorp leasing group with headquarters in New York. There are leasing operations in Britain, Ireland, West Germany, Italy, Japan, the Netherlands, Argentina, Brazil, Venezuela, Canada, Mexico and Puerto Rico. There are even Citicorp leasing customers in Bulgaria and Yugoslavia.

Citicorp's leasing organization is established in key countries around the world with a staff whose skill has been built and tested in both the big-ticket and middle markets; it knows how to build new international activity from scratch; it has had broad experience in running a multinational financial organization; it works as a worldwide team of leasing and equipment financing experts, communicating readily with each other and speaking the same technical language.

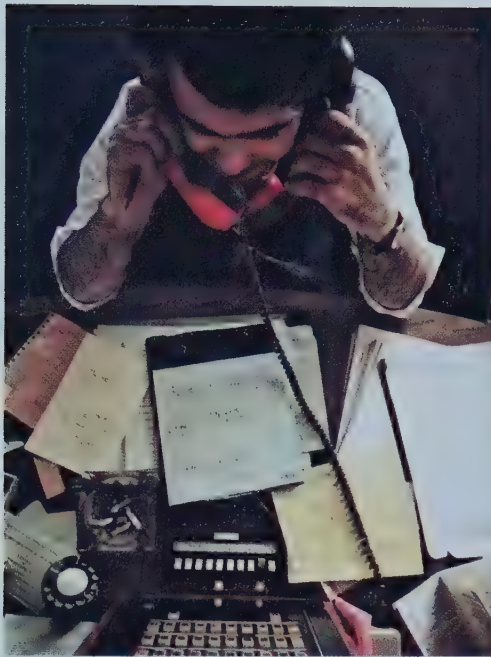
Within five years Citicorp expects to significantly expand its share of the world leasing market. Overseas it will do this by offering multinational export lease and equipment finance programs, including leases, conditional sales contracts, billings and collections. In the U.S. expansion will be facilitated by development of new leasing programs and by opening regional Citicorp leasing offices in major cities. The first three of these, in fact, were established in late November with two more announced for early spring of 1972.



New York Smaller equipment is becoming an important segment of leasing. For example: car washes, office furniture and restaurant equipment.

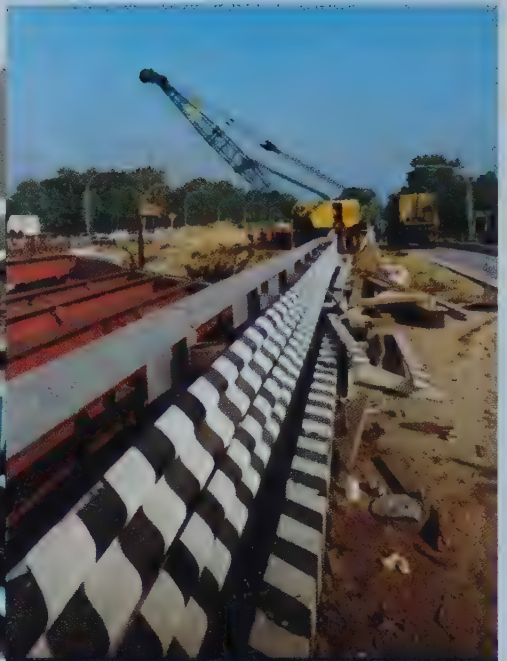
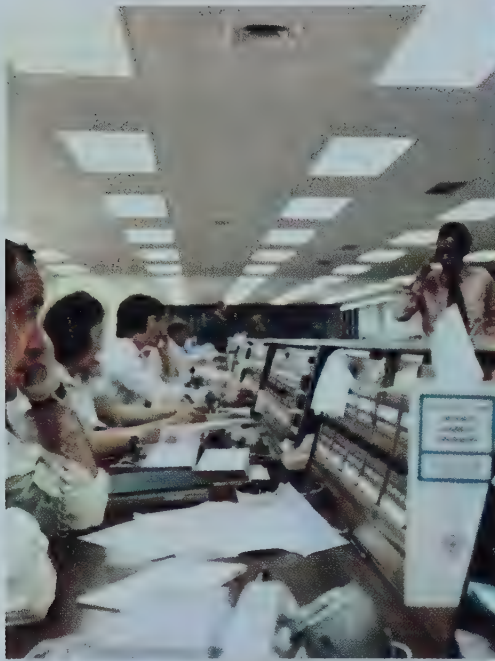


The Money Market



London It sometimes takes talking on two phones at once to keep abreast of the hectic pace in the foreign exchange dealing room at Moorgate, Citibank's London headquarters.

Syosset, N.Y. What has a baby got to do with the money market? Answer: the hospital in which he was just born was built with the proceeds from a municipal bond issue in which Citibank was a participating underwriter.



New York The trading pace is quick in the Money Market Division's crisp new headquarters at 95 Wall Street.

Phoenix Citibank participated in underwriting the bond issue that financed this key irrigation project in Arizona.

New York Highway construction is often financed through the sale of bonds.

San Diego This nuclear power plant was financed with a bond issue in which Citibank participated.

The money market is where governments, corporations, individuals and financial organizations buy, sell and invest money.

Unlike the New York Stock Exchange or The City in London or The Bourse in Paris, it has no fixed location, being rather a scattering of specialists throughout the world, linked by telephone and cable circuits and knowing no national boundaries. Indeed, in 1971 international financial influences played a major role in money market developments.

The sums involved in money market transactions are staggering.

For example, according to the latest full-year statistics:

- The United States government and federal agencies raise about \$30 billion through bond issues, short-term Treasury notes and other instruments to finance their operations and public projects.
- State and municipal governments issue some \$18 billion in bonds and notes to finance housing, schools, hospitals, roads, libraries and other public projects.
- Private corporations raise about \$30 billion in bonds and investors put large sums of unemployed cash into certificates of deposit, commercial paper, bankers' acceptances, government obligations and other money market instruments.

Citibank's Money Market Division engages in a wide range of these activities, except for the distribution of corporate securities. It is one of the nation's largest underwriters and distributors of federal, state and municipal bonds, as well as instruments of various government and autonomous public agencies.

It plays a major role in the government's efforts to stimulate residential housing by underwriting and dealing in instruments of the Federal National Mortgage Association (Fanny Mae), mortgage-backed pass-through securities of the Government National Mortgage Association (Ginnie Mae), and the Federal Home Loan Bank System.

The Money Market Division gathers money for Citibank through the placement of negotiable certificates of deposit and by active participation in the federal funds market, and for Citicorp through the sale of commercial paper.

In addition, it manages Citibank's investment portfolio of federal, state and municipal bonds, and coordinates the use of Eurodollars in the Bank's money position.

The upward trend of spending at all levels of government points to an increasing volume of transactions in the money market in the years ahead. For Citicorp specifically, expansion in its money market activities will also come through a greater involvement in the underwriting of bonds of governmental units in New York State.

Another area of possible growth may come through approval of a money gathering technique now sharply restricted by regulatory authorities. This is the so-called domestic trade acceptance. Citicorp has been one of the most active advocates of wider application of this technique. This device would enable a bank customer to draw a draft on the bank which could then be discounted in the market as a tradeable piece of paper.

Trade acceptances would reduce a bank's need for funds in a period of tight money, while placing the new instruments under the control of the Federal Reserve System. However, approval by the Federal Reserve Board and the Comptroller of the Currency would be required before wider use can be made of this financial technique.

Whatever the eventual decision, the advocacy of this technique is another example of Citicorp's innovative approach to fashioning the products needed to finance governments, public projects, commerce and trade in the 70's.



Investment Management Services



New York The Investment Management Group is one of the largest investment organizations in the U.S.

New York About \$6 billion of the assets under management by the Investment Management Group belong to workers through profit-sharing, pension and employee benefit funds.

Managing other people's money is a business that's growing as much as 15 percent a year. Citicorp's activities in investment management and advisory services in the United States fall into three broad categories:

- Managing pension and profit-sharing funds for hundreds of thousands of employees in corporations large and small as well as in state and local governments. About \$6 billion of our investment management business is in this sector, which is expanding at an estimated 10 percent rate annually and which is expected to develop into a \$250 billion market nationally by 1980.
- Managing about \$6 billion in personal trusts, estates and investment advisory accounts.
- Recordkeeping and safekeeping services for corporations, correspondents and individuals. More than \$40 billion of assets are held in this capacity. A shifting emphasis from physical safekeeping of securities toward comprehensive investment-oriented recordkeeping has added new momentum to growth in these services. Typical is EMBARK (for Employee Benefit Automated Record Keeping System), which produces computerized records and statements on employer-employee contributions to pension and profit-sharing funds, as well as tax liability information. This market has major growth potential if pending federal legislation on pension vesting materializes.

Our systems capabilities and our performance record in controlling the receipt and delivery of securities are producing an increasing flow of new "back office" business from high-volume correspondent banks in the U.S. and Europe. An on-line computer system controls each step in the complex process of security settlement and registration. More than 500,000 transactions a year move through the system under instructions received electronically from remote terminals.

Altogether, the Investment Management Group, which handles this business domestically, administers some 23,000 accounts. With managed assets of some \$14 billion it is one of the largest investment advisory operations in the country, and still growing.

Citicorp's investment services extend to markets around the world. Among overseas operations is the management of mutual funds located in Brazil, Canada, Channel Islands, the Netherlands Antilles and Switzerland as well as portfolio management in many of these areas. Total assets of the various funds and advisory portfolios exceed \$500 million. Overseas markets for investment services, while not as large as those in the U.S., nonetheless are growing more rapidly and offer attractive profit potential.

In all markets, new services are essential to achieve growth. Financial Counseling for Executives, which has gained enthusiastic acceptance since its introduction two years ago, is typical of the integrated approach to servicing the special needs of high net worth individuals. This advisory service covers in one package investments, estate planning, taxes, insurance, corporate benefits and personal finance.

Another new approach is Financial Management, which enables clients to handle all their banking needs through the Investment Management Group.

Because of domestic legal restrictions, another innovation was employed in the Investment Selection Service to reach the broad market. This service provides professional investment advice to accounts starting at \$25,000. Assets in this category now exceed \$35 million.

Meanwhile, Citicorp continues to look for new ways to make its investment services available to investors of moderate means.



New York Public and private employees alike such as those in all these photos benefit from the investment skills of IMG.



Table

Capital structure of the
company is as follows
of shares 100,000
Paid up capital \$100,000
Reserves 100,000
Total 200,000

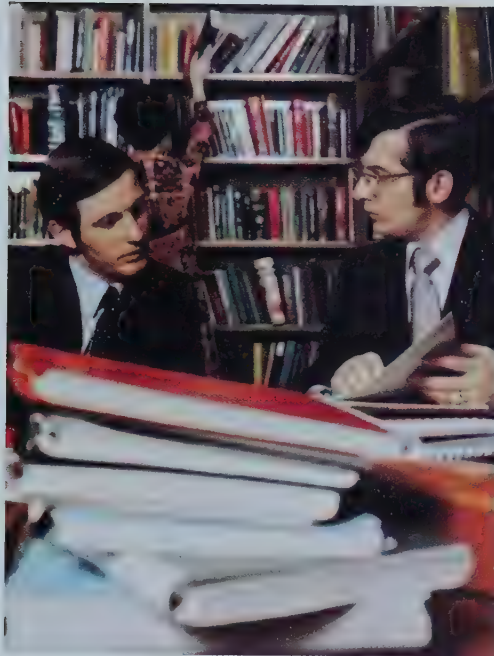
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Financial and Management Advisory Services



New York Digging for the facts occupies these two consultants in a financial library.

New York Research, analysis and objectivity are the keys to successful problem-solving.

Ever since the first banker taught a prospective borrower to draw up a balance sheet, financial organizations such as Citicorp have been supplying knowledge as well as money to their customers.

Indeed, the first banker and his primitive balance sheet, whose origins are lost in antiquity, might well be considered the progenitor of the modern profession of advisory services. Today's financial organization is called on to offer a broad and sophisticated range of such services in the normal course of business. Customers expect help not only on their particular financial problems but also advice on everything from short-range business conditions to long-term trends in world trade.

At Citicorp, they get it. Primarily, Citicorp's advisory services center around matters incident to financially-related services.

A company wishing to trade with Japan can receive counseling on the financial mechanics of Japanese exports and imports through Fuji National City Consulting Ltd., a joint venture with the Fuyo group of companies. Another firm seeking advice on private placement of securities can get it at Citibank. Still another wishing to purchase land for a new headquarters can get an independent appraisal through Citicorp Realty Consultants, Inc., then advice on architecture and managing the development project. Other services involve the application of advanced computer technology to financial analysis. For instance:

- A treasurer can compare his company's financial performance in various areas by using detailed six-year profiles of other companies in major industries. The data is taken from annual reports and fed into a computer, ready for use when needed in a variety of forms.
- Sales and earnings projections can provide treasurers with alternate strategies for financing growth.
- Various capital raising techniques can be simulated to find the method best suited to a company's special needs at a given point in time.



New York Against a backdrop of an input-output matrix of the U.S. economy, a professional consultant ponders a client's problems.

- Computer software packages also are available that aid in credit analysis, cost control, budgeting, forecasting and general financial planning.

Information and analysis make an equally important contribution to business development.

Citibank's Economics Department, with its staff of economists, analysts and statisticians, gathers material from throughout the world and assembles it in concise, meaningful reports. These experts explain developments and spot trends in the United States economy and the New York region as well as on the harder-to-comprehend international scene. Their studies also scrutinize individual industries and nations, making it possible to provide financial services with intelligence and insight.

Among their regularly published reports is the Monthly Economic Letter, highly regarded by economists and business leaders the world over. Similarly, the Foreign Information Service, a monthly report on economic and business conditions in major nations, has a worldwide audience.

A new service, called The Sound of the Economy, features panel discussions of economic issues recorded on tape cassettes.

In all, the thrust is to provide a company with the data and knowledge needed to make the best possible use of its financial resources in a constantly changing environment.

In 1970, Citicorp acquired Cresap, McCormick and Paget Inc., an internationally-known general management consulting firm. CMP is a wholly owned subsidiary and operates completely autonomously. It supplies management consulting services to corporations, governments, health and educational institutions throughout the world.

CMP has a staff of more than 250 and offers skills in a wide range of management matters, from marketing to manufacturing, administrative procedures to corporate organization.



New York Citicorp Realty Consultants' services range from appraisal to managing development projects.

New York Computer print-out provides consultant precise data to analyze.

Tokyo Fuji National City Consulting Ltd. is a joint venture in Japan with the Fuyo group of companies.

New York Long hours of "homework" go into a consulting report.



Computer Services



London The Data Centre in Basinghall Street runs around the clock.

Jericho, New York A Citicorp subsidiary has successfully tested a computerized system for accurately and speedily handling on-line Master Charge credit authorizations.

As the world's volume of financial transactions has grown, the computer has become an indispensable tool in processing the massive flow. Citicorp has made one of the most ambitious commitments in the private sector in developing and applying computer technology to its own operations and in assisting others in benefiting from it. A major role in this activity is being played by Transaction Technology Inc., a subsidiary with offices in Los Angeles and Cambridge, Massachusetts.

TTI's engineers, scientists and marketing professionals are developing systems that will reduce tomorrow's processing costs by radically altering even the most advanced of today's methods.

For instance, TTI has developed a computerized system, successfully tested in 1971, for accurately and speedily handling on-line credit authorization for Master Charge users. It promises significant opportunity for improvements in credit control.

In Citibank some 150 members of the Operating Group are working on development of systems to curb rising costs and maintain quality production. This effort, which has played an important role in holding down costs for the last two years, is of crucial importance; Operating Group costs represent some 40 percent of domestic noninterest expenses.

The effort has resulted in changes in the fundamental approach to the "back office"—the place where some 1.7 million checks valued at \$2 billion are cleared daily. It is now regarded as a "papermill" whose "product" is efficient processing. Its structure is much like that in manufacturing organizations, and its staff is salted with technical people whose backgrounds are in manufacturing instead of banking; some, in fact, are from the auto and chemical industries.

For customers, a variety of computer-based services is offered in the United States, Europe, Latin America and the Far East.

A major such service is "Broadscope," a payroll and accounts receivable system now used by several hundred



Cambridge, Mass. Executives of Transaction Technology Inc. are charged with reducing tomorrow's processing costs by radically altering today's methods.

Los Angeles A TTI technician modifies a computer circuit.

Paris Citibank staff members check their input into a time sharing computer.

companies domestically in such varied industries as aerospace, cosmetics, printing and textiles.

Still another example is "Financial Engineering"—actually a complex of systems that use computer time-sharing capabilities to deliver information to managements of business and correspondent banks.

For banks, and for lending officers in particular, Financial Engineering's computer facilities can calculate in a matter of minutes the effects on bank earnings of changing interest rates, repayment schedules, commitment fees, costs of funds and portfolio changes.

"Command" (for Computer Assisted Management Decisions) consists of a half dozen computer programs that project the impact of alternative strategies on management and finance. This information is delivered via computer terminals on the customer's premises.

Developments such as these are reflected in operations abroad—for example, by our subsidiary in Hong Kong, International Data Systems Service Limited, by the London processing center and data processing services in Europe and South America.

In all, the thrust is to assemble information and present it comprehensively so that business management can make decisions for the future on the best possible basis.

Information is knowledge, which generates its own growth. Citicorp expects that the demand for such knowledge-based services from customers, old and new, who need outside skills in data assembly and programming, will grow on a worldwide basis.



New York Citibank's Operating Group processes daily some 1.7 million checks valued at \$2 billion.



Financial Community Services



New York While most of the city sleeps, the New York Clearing House handles the day's financial transactions. Here, two Citibankers carry a chest of checks into the Clearing House at 2 a.m.

London Top-hatted bill-brokers leave Citibank's Moorgate headquarters in the course of their daily rounds.

In one way or another, in one place or another throughout the world, the Citicorp organization is in the business of moving money where it is needed.

Primarily, those activities take the form of:

- Arranging Eurodollar and Asian dollar financings for multinational companies and foreign governments. Citicorp, through its subsidiary FNCB Eurosecurities, S.A., is an active participant in Eurobond issues floated in international capital markets.
- Clearing checks for domestic and international correspondent banks.
- Engaging in foreign exchange transactions in numerous countries.
- Safekeeping funds for the United States and foreign governments.
- Processing tax collections for New York City and New York State.
- Making loans to the broker-dealer community.
- Expediting the immense cash flow of insurance companies.
- Safekeeping of securities for correspondent banks, insurance companies and others through a highly automated securities processing system.

In total, the sums involved in such transactions, and others, are substantial. Annually, about \$12 trillion in checks are written in the U.S. alone. On an average day, the New York Clearing House handles \$14 billion. The Eurodollar pool in mid-1971 amounted to about \$50 billion. The insurance industry in the U.S. has an annual cash flow of some \$80 billion and keeps on deposit in banks at any given moment an estimated \$3 billion. Wall Street borrows about \$5 billion annually for the margin requirements of its customers.

These activities involve millions of individual transactions daily in which the services of a financial intermediary are needed.

A prime example of such intermediary services is the correspondent banking system which makes it possible for banks to transmit funds anywhere in the world. In Citibank



New York This is the New York end of MARTI, a new system that makes it possible for foreign banks to improve the accuracy, rapidity and efficiency of their payments in the U.S.

these relationships are managed by the Corporate and International Banking Groups.

The Corporate Banking Group has assigned to each domestic correspondent an account manager experienced in solving banking problems. His job is to know his customers and their markets well enough to act as a consultant in resolving capital adequacy requirements, arranging overline participations, designing creative construction lending proposals and developing leasing opportunities. Among the many other services Citibank offers this important market are on-line computer time-sharing products and special assistance in designing budgeting, long-range planning and management information systems.

As a result of this emphasis on correspondent banking, Citibank's market penetration has increased substantially in recent years.

Internationally, relationships with correspondent banks are growing through the development of a system that speeds and simplifies international fund transfers.

Called MARTI for Machine Readable Telegraphic Input, the new system makes it possible for a foreign bank to improve the accuracy, rapidity and efficiency of its payments in the U.S. Under this system, banks in Europe route their telex messages to us through our London processing center. From other areas the banks route their telex messages direct to New York. In operation about a year, MARTI is working so well that plans are going forward to extend the processing center concept to other financial areas, such as the Far East.

In the Wall Street market, reliability, service and innovation have increased our share of brokers and dealers loans. An experiment with a flexible interest rate early in the year indicated the practicability of such a policy. It also proved the susceptibility of volume to changes in interest rates.



London The Great Hall of Lloyd's is a major center of the world's insurance industry.

Abilene, Kansas By way of contrast, this is the staff of a small Western correspondent bank. Citibank serves all segments of the financial community, large and small.



ARE THE FIRST NATIONAL CITY BANK
TO THE CUSTOMER AT THE WINDOW

Human Resources



New York Citibank's Canal Street Training Center has made important contributions to New Yorkers lacking job skills.

New York Tellers-in-training are taught from the outset that they are the First National City Bank to customers on the other side of the window.

Our organization is a knowledge factory and our prime resource is our people, the thousands of members of Citicorp organizations whose skills and energy are the bulwark of efficient, worldwide services.

Cultivating and developing employee skills represent a continuous effort involving training centers around the world as well as on-the-job training programs at every installation. If compressed into one location, these centers would rival in size a moderately large college. For example, during the course of a year about 50 different courses in banking or allied skills are offered at our Long Island City Training Center in New York which can accommodate an annual enrollment of as many as 5,000 people. On a smaller scale, regional training centers in Beirut, Manila and San Juan perform similar functions. Throughout the world on-the-job training is a continuing activity. Often this capability is shared with others. For example, in Lima, Peru, we stage seminars for officers of banks run by the Peruvian government, and in Argentina we give courses on advanced management techniques to local bankers.

In developing an effective work force, considerable attention is given to health programs. Enlarged medical benefit plans and a staffed medical center in the headquarters building are part of this effort.

As a corporate citizen of New York City, we contribute expert analysis of urban situations to help contribute to solutions of these problems. The urban economics group in the Bank's Economics Department studies major problem areas and prepares objective reports on them that recommend viable steps to their solutions. Important contributions to the city's efforts in education, transportation and poverty have been made by such studies. It is a manifestation of our corporate sense of responsibility and obligation.

We concentrate these efforts, here and abroad, on problems where our particular resources are likely to have the greatest impact. This mission is



New York Citibank has advised city officials on revamping educational methods.

shared by the Urban Affairs Department which plans and coordinates urban activities, and line organizations which carry out the work as part of their day-to-day business. In New York, our line people advise city officials on improving disbursement of welfare benefits, on revamping educational methods with a new concept of mini-schools carved out of huge and over-crowded public schools, and on devising computer methods for balancing manpower training costs with results.

Coupled with this infusion of management technique is a wide array of specific projects with the dual purposes of meeting localized needs while establishing a model for others to follow. In housing, we organized the financing of about 5,000 new units for low- and middle-income families, a significant portion of the housing starts in the New York metropolitan area for the year.

We developed financing techniques for new day care centers, accommodating 700 youngsters and giving them the benefit of development programs while freeing their mothers for employment. The five- to eight-year term loans to community groups we devised for the purpose can accelerate construction of needed day care centers throughout the metropolitan area.

Loans and investments in minority-owned businesses are creating a whole new class of entrepreneurs, engendering a real hope for their economic progress.

These urban affairs programs, which originate in New York City, are also practiced elsewhere in the world. Our efforts to stimulate home construction in Latin America, rehabilitate homes in Manila wrecked by a typhoon and encourage the disadvantaged by offering job training are all part of Citicorp's continuous contribution to the communities we serve.

The newly formed Urban Affairs Advisory Group at headquarters is an additional mechanism for assessing urban needs and providing senior management with suggestions for



improving conditions. Composed of 12 young employees, the group furnishes a continuous flow of ideas to Citicorp's urban affairs plans.

Employees donating time and skills to do volunteer work in hospitals, schools and drug addiction centers add further to the input of data about the community.

Broad concern for people, the environment and communities, Citicorp believes, is indispensable to its growth.

New York Citibank plays an active role in financing both new and renovated housing for low-and middle-income families.

Directors

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Frank E. Barnett
Chairman of the Board and
Chief Executive Officer
Union Pacific Corporation and
Union Pacific Railroad Company
William M. Batten
Chairman
J. C. Penney Company, Inc.
Milo M. Brisco
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Chairman and President
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William I. Spencer
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Walter B. Wriston
Chairman

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George C. Scott
Vice Chairman
James D. Farley
Executive Vice President
Carl W. Desch
Secretary and Treasurer
Bernard T. Stott
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Richard E. Stewart
Senior Vice President and General Counsel
John W. Heilshorn
Senior Vice President
James F. Jaffray
Senior Vice President
W. James Tozer, Jr.
Senior Vice President

First National City Corporation
399 Park Avenue
New York, N.Y. 10022

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